Resolution approving the disposition of land by the Office of Community Investment and Infrastructure as Successor Agency to the San Francisco Redevelopment Agency to Transbay 8 Urban Housing, LLC, a Delaware limited liability company, and Tenderloin Neighborhood Development Corporation, a California non-profit public benefit corporation, for a purchase price of $71,000,000; and making findings under Health and Safety Code, Section 33433, as required under the Transbay Redevelopment Plan for the parcel located on Folsom Street between First and Fremont Streets, Assessor’s Parcel Block No. 3737, Portions of Lot Nos. 005, 012, and 027, commonly known as Transbay Block 8.

WHEREAS, Pursuant to the Redevelopment Plan for the Transbay Redevelopment Project Area, as adopted by Ordinance No. 124-05 (June 23, 2005) and by Ordinance No. 99-06 (May 19, 2006) ("Redevelopment Plan"), the Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") shall approve the sale or lease of certain parcels by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the "Successor Agency," also commonly known as the Office of Investment and Infrastructure ("OCII") under the standards of Section 33433 of the California Community Redevelopment Law; and

WHEREAS, The Board of Supervisors adopted the Transbay Redevelopment Project Area (the "Project Area") in order to undertake a variety of projects and activities to alleviate blighting conditions; and

Supervisor Kim
BOARD OF SUPERVISORS
WHEREAS, The California Legislature in 2003 enacted Assembly Bill 812 ("AB 812") authorizing the demolition of the historic Transbay Terminal building and the construction of the new Transbay Transit Center ("TTC") (Stat. 2003, Chapter 99, codified at Section 5027.1 of the Cal. Public Resources Code); and

WHEREAS, AB 812 also mandated that 25% of the residential units developed in the area around the TTC "shall be available to" low income households, and an additional 10% "shall be available to" moderate income households if the City and County of San Francisco ("City") adopted a redevelopment plan providing for the financing of the Center; and

WHEREAS, In 2003, in an agreement with the Transbay Joint Powers Authority ("TJPA") and the City, the State agreed to transfer approximately 10 acres of State-owned property ("State-owned parcels") in and around the then-existing Transbay Terminal to the City and the TJPA, which would then sell the State-owned parcels and use the revenues from the sales to finance the TTC ("Cooperative Agreement"); and

WHEREAS, The City agreed, among other things, to commit the property tax revenue from the State-owned parcels through its Redevelopment Agency (the "Former Agency") to the TTC; and

WHEREAS, Under the Cooperative Agreement, the State relied on tax increment financing under a redevelopment plan to improve and sell the parcels; and

WHEREAS, The Redevelopment Plan provided for the financing of the TTC and established a program for the Former Agency to redevelop and revitalize the blighted Project Area; and

WHEREAS, In 2006, the TJPA and the Former Agency executed an agreement ("Implementation Agreement"), which required the Former Agency to take the lead role in facilitating the development of the State-owned parcels; and
WHEREAS, Specifically, the Implementation Agreement required the Former Agency to: (1) prepare and sell the State-owned parcels to third parties, (2) deposit the sale proceeds into a trust account to help the TJPA pay the cost of constructing the TTC, (3) implement the Redevelopment Plan to enhance the financial feasibility of the TTC, and (4) fund the state-mandated affordable housing program; and

WHEREAS, In 2008, the City, the Former Agency and the TJPA entered into an agreement that granted options to the Former Agency to acquire the State-owned parcels, arrange for development of the parcels, and distribute the net tax increment to the TJPA to use for the TTC ("Option Agreement"); and

WHEREAS, The Option Agreement provided the means by which the Former Agency could fulfill its obligations under the Implementation Agreement to prepare and sell the State-owned parcels, including Blocks 2-12 and Parcel F (Section 2.1 of the Option Agreement at p. 4); and

WHEREAS, On February 1, 2012, the Former Agency was dissolved pursuant to the provisions of California State Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26"), codified in relevant part in California’s Health and Safety Code, Sections 34161 – 34168 and upheld by the California Supreme Court in California Redevelopment Assoc. v. Matosantos, No. S194861 (Dec. 29, 2011); and

WHEREAS, On June 27, 2012, AB 26 was subsequently amended in part by California State Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"); and

WHEREAS, Together, AB 26 and AB 1484, as amended from time to time, are referred to as the "Redevelopment Dissolution Law;" and

WHEREAS, Pursuant to the Redevelopment Dissolution Law, all of the Former Agency’s assets (other than certain housing assets) and obligations were transferred to OCII; and
WHEREAS, Block 8, also identified as Portions of Lot Nos. 005, 012, and 027, Assessor’s Block No. 3737, is an approximately 49,673-square-foot parcel on Folsom Street between First and Fremont Streets, two blocks south of the future TTC (the “Site” or the “Property”); and

WHEREAS, On November 20, 2013, the Successor Agency, pursuant to the Implementation Agreement, issued a Request for Proposals (the “RFP”) from development teams to design and develop a high-density, mixed-income residential project on Block 8 in the Project Area; and

WHEREAS, Three proposals were received and deemed to meet the minimum threshold requirements defined in the RFP; and

WHEREAS, Based on evaluation of the written proposals, as well as interviews with each team, the proposal from Related California Urban Housing, LLC (“Related”) and Tenderloin Neighborhood Development Corporation (“TNDC”), along with Office of Metropolitan Architecture and Fougeron Architecture, was scored the highest by a selection panel comprised of Successor Agency staff, City staff, and a representative from the Transbay Citizens Advisory Committee; and

WHEREAS, On June 17, 2014, the Commission on Community Investment and Infrastructure (CCII), authorized staff to enter into exclusive negotiations for the development of Block 8 with the development team lead by Related and TNDC; and

WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”) determined “finally and conclusively,” under Cal. Health & Safety Code, Section 34177.5 (i), that the Implementation Agreement, AB 812, and the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (“Pledge Agreement”) are enforceable obligations; and

WHEREAS, The Implementation Agreement and several other Transbay obligations
require OCII to take the actions proposed by this Resolution; and

WHEREAS, On April 21, 2015, the CCII approved the exercise of OCII's option to acquire Block 8 from the TJPA pursuant to the Option Agreement and approved the Disposition and Development Agreement ("DDA") with Transbay 8 Urban Housing LLC, a Delaware limited liability company, of which Related California Urban Housing, LLC is currently the sole member, and TNDC; and

WHEREAS, Transbay 8 Urban Housing LLC and TNDC anticipate that the development program for Block 8 will consist of: (a) a market-rate for-sale residential component consisting of approximately 124 residential units on floors thirty-two to fifty-five of an up to 550-foot residential tower (the "Market-Rate Condo Project"); (b) an "80/20" mixed-income component consisting of approximately 280 market-rate rental units on floors eight to thirty-one and approximately 70 affordable rental units on floors one to seven in the residential tower ("80/20 Project"); (c) an affordable project with approximately 80 rental residential units ("Affordable Project") in a podium building and townhouses along Clementina Street; (d) streetscape improvements including the extension of Clementina Street on the northern edge of the site and a 25-foot wide Folsom Street sidewalk; (e) ground-floor retail space along Folsom Street of approximately 8,345 square feet and a possible grocery store on the basement level; (f) a shared approximately 6,500-square-foot mid-block open space and paseo; and (g) shared underground parking with approximately 204 stalls; and

WHEREAS, The 70 affordable rental units in the 80/20 Project will be affordable to households earning up to 40% and 50% of Area Median Income ("AMI"), and the 80 rental units in the Affordable Project will be affordable to households earning up to 50% of AMI; and

WHEREAS, The Affordable Project will be subsidized by OCII funding; and
WHEREAS, The Site is an underutilized lot that has most recently been used for construction staging; and

WHEREAS, Notice of the public hearing has been published consistent with Health and Safety Code, Section 33433; and

WHEREAS, OCI prepared and submitted a report consistent with the requirements of Section 33433 of the Health and Safety Code, including a copy of the proposed DDA, and a summary of the transaction describing the cost of the DDA to OCI, the value of the property interest to be conveyed, the purchase price and other information, which was made available for public inspection; now, therefore, be it

RESOLVED, That the Board of Supervisors of the City and County of San Francisco does hereby find and determine that the sale of the Property from OCI to Transbay 8 Urban Housing LLC, a Delaware limited liability company and Tenderloin Neighborhood Development Corporation, a California non-profit public benefit corporation: 1) includes consideration to be received by OCI that is not less than the fair market value at the highest and best use in accordance with the Redevelopment Plan: 2) includes a purchase price of $71,000,000, which was a competitive price achieved through a competitive request for proposals process based on the development permitted on the Site and the affordable housing requirements of the Redevelopment Plan, and which will be deposited, at the transfer of title, into the trust account established by the TJPA to help pay the cost of constructing the new TTC; 3) will provide no less than 150 units of affordable family housing for households with incomes up to 40% and 50% of area median income; and, 4) will assist in the elimination of blight by converting a underutilized lot into a high-density, mixed-use, mixed-income residential development; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves and authorizes OCI to execute the DDA for the sale of the Property from the Office of Community
Investment and Infrastructure to Transbay 8 Urban Housing LLC, a Delaware limited liability company and Tenderloin Neighborhood Development Corporation, a California non-profit public benefit corporation, substantially in the form of the DDA lodged with the City Attorney, and to take such further actions and execute such documents as are necessary to carry out the DDA on behalf of OCII.
Resolution approving the disposition of land by the Office of Community Investment and Infrastructure as Successor Agency to the San Francisco Redevelopment Agency to Transbay 8 Urban Housing, LLC, a Delaware limited liability company, and Tenderloin Neighborhood Development Corporation, a California non-profit public benefit corporation, for a purchase price of $71,000,000; and making findings under Health and Safety Code, Section 33433, as required under the Transbay Redevelopment Plan for the parcel located on Folsom Street between First and Fremont Streets, Assessor's Parcel Block No. 3737, Portions of Lot Nos. 005, 012, and 027, commonly known as Transbay Block 8.

July 20, 2015 Land Use and Transportation Committee - RECOMMENDED

July 28, 2015 Board of Supervisors - ADOPTED
Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150688

I hereby certify that the foregoing Resolution was ADOPTED on 7/28/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved

8/6/15